

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary - Public

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## Russian Federation

**Post:** Moscow

### Grain Interventions Begin in November

**Report Categories:**

Grain and Feed

Policy and Program Announcements

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**Report Highlights:**

The Russian Agricultural Minister reported that grain procurement interventions may begin on November 2, 2009. Purchases will be “targeted and selective”, due to the reduction in funds from 40 billion rubles last year to 9.5 billion rubles this year.

**General Information:**

On October 23, 2009, the Russian Agricultural Minister Yelena Skrynnik reported to the State Duma, that grain interventions will tentatively begin on November 2, 2009. She announced that this year the interventions will be “targeted and selective” due to the reduction in intervention funds from the promised 20.0 billion rubles (\$690 million) to 9.5 billion rubles (\$328 million). Last year the government spent almost 40 billion rubles for grain interventions. The significant reduction in funding came only one week after the government announced new intervention programs for milk, butter and cheese.

In accordance with the Minister’s Order, on October 21, 2009, the United Grain Company began accreditation of agricultural producers for participation in these interventions. However, the text of the Minister’s Order is not available, and the following issues are outstanding: the criteria for sellers; function of the agents<sup>[i]</sup> and mechanism for bidding. The MinAg’s department on regulation of agricultural and food markets, which developed the intervention policy, recently merged with the department of food and processing industry. It is not clear yet, whether this reorganization cause changes in the intervention policy.

The available funds for the grain procurement interventions are only enough to purchase approximately 2.0-2.5 million metric tons (MMT) of milling wheat. Last year the state purchased almost 10.0 MMT and most of this grain is still unsold. According to mass media, on October 10, 2009, the Russian Prime Minister Putin allocated 6.3 billion rubles for grain storage expenses and 2009 intervention operating expenses.

Beginning intervention stocks of grain are estimated at 7-8 MMT. The grain crop in 2009 is forecasted to be at least 90.0 MMT, 15.0 MMT more than the domestic demand. Thus, purchasing of another 2.0 MMT or 2.5 MMT of grain into intervention fund will not have a significant impact on domestic grain prices.

**Relevant Reports:**

RS9066 \_ Dairy and Products \_ New Dairy Products on Intervention List  
RS9061 \_ Grain and Feed \_ Grain and Feed October Monthly Update  
RS9053 \_ Grain and Feed \_ Grain and Feed September Monthly Update  
RS9052 \_ Grain and Feed \_ Agent for Grain Procurement Interventions Selected  
RS9024 \_ Grain and Feed \_ Government Grain Policy and Procurement Prices in MY 2009

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<sup>[i]</sup> The United Grain Company and the Reserve Food Company (see GAIN RS9052 – Grain and Feed – Agent for Grain Procurement Interventions Selected)